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*Head Office*  
Box 248 - Terminal A  
TORONTO - ONTARIO

CANADA  
MALTING CO.  
LIMITED



REPORT TO  
SHAREHOLDERS

*Malthouses and Elevators*

Montreal, Que.                      Winnipeg, Man.  
Toronto, Ont.                      Calgary, Alta.  
Thunder Bay, Ont.

For the six months  
ended June 30, 1971

**CANADA MALTING CO.  
LIMITED**

**TO OUR SHAREHOLDERS:**

We present herewith a Consolidated Statement of Earnings and Source and Application of Funds covering the six-month period ended June 30, 1971.

Earnings per common share, after providing for cumulative preferred dividends to June 30, were \$1.44, compared with \$1.18 for the same period last year.

The increase in earnings was chiefly due to a higher volume of shipments as a result of which all our plants operated at peak capacity during the period. A world shortage of malting barley, owing to poor crops in a number of normally exporting countries, contributed to an increase of approximately 30% in our export shipments, compared with the same period a year ago. Whether this abnormal shortage will continue will depend on the crops to be harvested in the next few months.

The new mushroom plant of our subsidiary, Leaver Mushrooms Co. Limited was completed on schedule and is now coming into full production.

On behalf of the Board

Harry F. Graesser,  
President.

TORONTO, ONT.  
July 28, 1971

**Consolidated Statement of Earnings for the Six Months ended June 30, (unaudited)**

	<u>1971</u>	<u>1970</u>
Net Sales .....	\$23,606,961	\$20,212,870
Costs and expenses:		
Cost of products sold and all expenses except items shown below .....	19,933,357	17,036,761
Interest on debentures .....	48,000	48,000
Provision for depreciation .....	617,330	654,882
Amortization of leasehold interests .....	24,270	24,270
	<u>20,622,957</u>	<u>17,763,913</u>
Earnings from operations .....	2,984,004	2,448,957
Investment and other income .....	19,987	21,120
	<u>3,003,991</u>	<u>2,470,077</u>
Provision for income taxes .....	1,671,000	1,363,700
Earnings before minority interest .....	1,332,991	1,106,377
Minority interest in earnings of subsidiary .....	21,331	23,711
Net earnings for the period .....	<u>\$ 1,311,660</u>	<u>\$ 1,082,666</u>
Earnings per share after preferred dividends .....	1.44	1.18

**Source and Application of Funds for the Six Months ended June 30**

	<u>1971</u>	<u>1970</u>
Working capital at beginning of year .....	\$10,387,605	\$10,549,954
Working capital of subsidiary at January 1, 1970 the effective date of the start of operations .....	-	1,007,297
	<u>10,387,605</u>	<u>11,557,251</u>
Source of funds:		
Net earnings .....	1,311,660	1,082,666
Charges (credits) against earnings not affecting cash outlay —		
Provision for depreciation .....	617,330	654,882
Amortization of leasehold interests .....	24,270	24,270
Deferred income taxes .....	50,000	(45,000)
Minority interest in earnings of subsidiary .....	21,331	23,711
Funds provided from operations .....	<u>\$ 2,024,591</u>	<u>\$ 1,740,529</u>
Application of funds:		
Investment in capital stock of subsidiary .....	-	1,200,000
Additions to fixed assets (net) .....	2,196,667	363,794
Dividends on Series B preferred shares (for the 12 months ended March 15) .....	134,328	135,358
Dividends on common shares .....	431,944	431,944
Cost of Series B preferred shares purchased for cancellation .....	-	34,936
	<u>2,762,939</u>	<u>2,166,032</u>
Resulting in an increase (decrease) in working capital of .....	(738,348)	(425,503)
Working capital at June 30 .....	<u>\$ 9,649,257</u>	<u>\$11,131,748</u>